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**BLUE RIBBON
CORPORATION LIMITED**



**CONSOLIDATED BALANCE SHEET
AT 30TH JUNE, 1953**

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DIRECTORS' REPORT

Winnipeg, Canada, September 25, 1953.

To THE SHAREHOLDERS OF BLUE RIBBON CORPORATION LIMITED:

Your Directors submit the Consolidated Balance Sheet of the Company and Consolidated Statements of Earned Surplus and Profit and Loss for the year ended June 30th, 1953.

The Statement of Consolidated Profit and Loss shows an operating profit, after charging all expenses including depreciation on fixed assets, of \$135,754 and after income taxes a Consolidated Net Profit of \$51,754 which has been transferred to Earned Surplus Account. The exceptionally high provision for income taxes, estimated at \$84,000, is largely the result of disallowable depreciation on capital expenditures of the past two years. However, the deferred depreciation provisions of the recent Income Tax Act amendments will operate to reduce the tax levies of the current and future years.

During the year the regular quarterly dividends were declared and paid on the 5% Cumulative Convertible Redeemable Participating Preferred Stock.

The reserve against future decline in inventory values has been increased by an appropriation of \$100,000 from Earned Surplus Account, and a similar appropriation of \$50,000 has been made to the reserve for the replacement of fixed assets.

Although the net profit disclosed does not show the increase we would have wished, your Directors feel that the year under review has been one of considerable progress.

The re-organization of the Toronto plant has now been largely completed. With modern and efficient machinery and equipment, and staffed with a strengthened and energetic sales force, our Eastern operation can look forward to a steady growth in volume and increased distribution of Blue Ribbon Tea and Coffee and the many other Blue Ribbon lines of popular consumer demand.

In the West, like progress has been made in extending our field of operations and in building up a stable and enthusiastic sales force. Early this year plans were laid for the erection of a new coffee plant and distribution centre in Edmonton. This building is now nearly completed and the latest coffee roasting and packing equipment will shortly be in operation to serve that vast growing area with

BLUE RIBBON COFFEE —
"FRESHER because delivered QUICKER"

Submitted on behalf of the Board of Directors.

S. W. HOARE,
President.

BLUE RIBBON CORPORATION
AND SUBSIDIARIES
(Incorporated under the laws of the Province of Ontario)

CONSOLIDATED BALANCE SHEET
JUNE 30, 1953

ASSETS

Current:		
Cash.....	\$	33,178
Accounts receivable, less allowance for doubtful accounts.....		759,848
Inventories of merchandise and supplies as certified by the management, determined on the basis of physical count and valued at the lower of laid down cost or market.....		3,588,005
Prepaid expenses.....		122,432
		<hr/>
		\$4,503,463
Investment in shares of customer company, less reserve..		5,813
Fixed:		
Land, buildings, machinery and equipment:		
In Western Canada—as appraised by Sterling Appraisal Co. Ltd.—1928		
In Ontario—as appraised by Wesley E. Barker and by Canadian Appraisal Co. Ltd.—1924		
Plus subsequent additions at cost.....	\$1,876,194	
Less accumulated depreciation.....	989,786	
		<hr/>
		886,408
Trade-marks, patent rights and goodwill.....		1
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		\$5,395,685
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Signed on behalf of the Board,
S. W. HOARE, Director
K. C. WEISS, Director

AUDITOR

To the Shareholders of
Blue Ribbon Corporation Limited.

We have examined the consolidated balance sheet of Blue Ribbon Corporation and its subsidiaries for the year ended on that date and included a general review of the accounting procedures and such tests of accounting records as we considered necessary.

In our opinion the accompanying consolidated balance sheet and statements of profit and loss and consolidated earned surplus for the year ended on that date as shown give a true and correct view of the state of the affairs of the companies as at that date according to the best of our information and the explanations given to us and as required by the provisions of the Companies Act.

Winnipeg, Canada, August 28, 1953.

PORATION LIMITED

RY COMPANIES

(Companies Act, Canada)

BALANCE SHEET

30, 1953

LIABILITIES

Current:		
Bank overdraft.....		\$1,153,885
Accounts and bills payable.....		1,294,738
Income taxes payable (estimated).....		48,612
		<u>\$2,497,235</u>
Capital Stock:		
Authorized:		
27,207 shares of 5% cumulative convertible re- deemable participating preferred stock of \$50.00 each.....		<u>\$1,360,350</u>
150,000 common shares of no par value.		
Issued and fully paid:		
17,057 preferred shares of \$50.00 each.....	\$	852,850
65,000 common shares of no par value.....		859,226
		<u>\$1,712,076</u>
Reserves and surplus:		
Reserve against future decline in inven- tory values.....	\$525,000	
Reserve for replacement of fixed assets.....	150,000	
Surplus arising from the sale of fixed assets..	1,345	
		676,345
Earned surplus.....		<u>510,029</u>
		2,898,450
		<u>\$5,395,685</u>
Contingent liabilities:		
(a) Commitments for future capital expenditures.....	\$	224,600
(b) Commitments for forward delivery of Sterling and U.S. dollar exchange at cost of.....		458,779
(c) Employees' pension plan — balance of contribu- tions in respect of past service.....		72,468

REPORT

on Limited and its subsidiaries as at June 30, 1953 and the statements of consolidated
d have obtained all the information and explanations we have required. Our examination
g records and other supporting evidence as we considered necessary in the circumstances.
of consolidated profit and loss and consolidated earned surplus are properly drawn up so
at June 30, 1953, and the results of their operations for the year ended on that date,
shown by the books of the companies.

(Signed) CLARKSON, GORDON & CO.

Chartered Accountants.

**BLUE RIBBON CORPORATION
LIMITED**
AND SUBSIDIARY COMPANIES

**STATEMENT OF CONSOLIDATED PROFIT AND LOSS
FOR THE YEAR ENDED JUNE 30, 1953**

Operating profit for the year before deducting the undernoted items.....	\$294,078
Deduct:	
Depreciation—buildings, machinery and equipment.....	\$114,882
Remuneration of directors and officers.....	42,883
Legal fees.....	559
	158,324
Profit before income taxes.....	\$135,754
Deduct income taxes (estimated).....	84,000
	\$ 51,754

**STATEMENT OF CONSOLIDATED EARNED SURPLUS
FOR THE YEAR ENDED JUNE 30, 1953**

Balance at credit June 30, 1952.....	\$646,771
Net profit for the year—transferred from statement of consolidated profit and loss.....	51,754
Adjustment of prior year's income taxes.....	4,146
	\$702,671
Deduct:	
Dividends declared on preferred shares.....	\$ 42,642
Appropriation to reserve against future decline in inventory values.....	100,000
Appropriation to reserve for replacement of fixed assets	50,000
	192,642
Balance at credit June 30, 1953.....	\$510,029



Blue Ribbon Limited

Winnipeg Toronto Vancouver
Calgary Edmonton

Manufacturing and Merchandising

Tea, Coffee, Baking Powder, Extracts,
Jelly Powders, Chocolate,
Cocoa, Spices.

BLUE RIBBON CORPORATION LIMITED

BOARD OF DIRECTORS

S. W. Hoare	-	-	-	R. J. McCance
K. C. Weiss	-	-	-	E. A. Trites
J. B. Brydon	-	-	-	W. T. Kennedy

President	-	-	-	-	S. W. Hoare	
Secretary-Treasurer				-	-	K. C. Weiss

Bankers

The Canadian Bank of Commerce

Transfer Agent

The Toronto General Trusts Corporation

Registrar

National Trust Company, Limited

Auditors

Clarkson, Gordon & Co.